



## Direction of Business Management and Initiatives in FY2021

- We expect continued extreme difficulty in anticipating changes in the environment on which we base our business plans. These changes include COVID-19, prolonged trade friction between the United States and China and shortages of semiconductors.
- Even in the current business environment, our [Direction of Sharp's Future remains unchanged from previous statements](#), and we plan to accelerate the development of new services and solutions and the creation of new businesses in areas like healthcare/medical/nursing care.
- Given this, instead of setting medium- to long-term quantitative targets, we would like to [concentrate on improving annual business performance year by year for now](#), in line with the [Direction of Sharp's Future](#).
- Today, we will present our *Direction of Business Management and Initiatives in FY2021*. [While we are opting to withhold announcement of our Medium-Term Management Plan](#), we will continue to set up opportunities to make proper presentations to stakeholders.

2

- We expect continued extreme difficulty in anticipating changes in the environment on which we base our business plans. These changes include COVID-19, prolonged trade friction between the United States and China and shortages of semiconductors.
- Even in the current business environment, our Direction of Sharp's Future remains unchanged from previous statements, and we plan to accelerate the development of new services and solutions and the creation of new businesses in areas like healthcare/medical/nursing care.
- Given this, instead of setting medium- to long-term quantitative targets, we would like to concentrate on improving annual business performance year by year for now, in line with the Direction of Sharp's Future.
- Today, we will present our *Direction of Business Management and Initiatives in FY2021*.  
While we are opting to withhold announcement of our Medium-Term Management Plan, we will continue to set up opportunities to make proper presentations to stakeholders.

## 1. Direction of Business Management

3

- First, let's look at our Direction of Business Management.

**“SHARP”**  
A powerful corporate brand representing a company closest to people and society, constantly proposing new value

Our identity

**Immutable values**

Sincerity and Creativity

**108 years of history**

Creating products that others want to imitate and realizing new ways to live



**Unique strengths**

- Wide range of businesses
- Unique technologies (AIoT, 8K, 5G, etc.)
- Innovative devices

Business vision

Changing the World with 8K+5G and AIoT



Various social issues

Establishment of a new normal

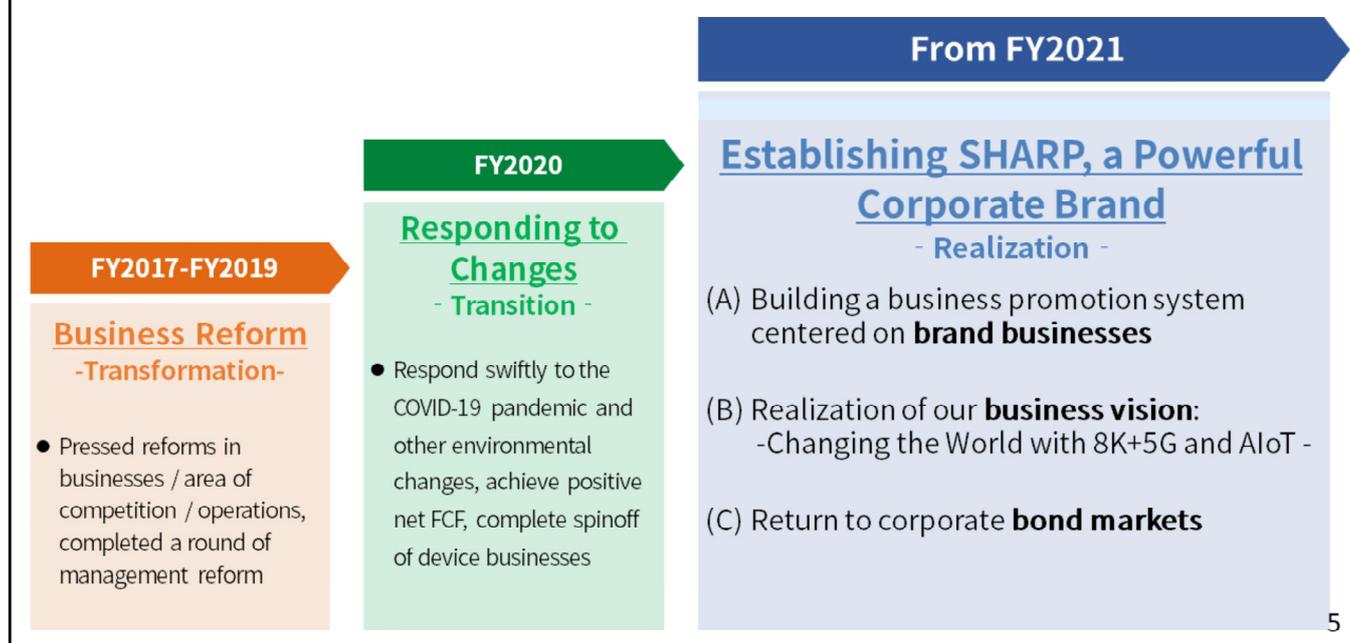
Realization of diverse lifestyles

Resolving medical/nursing care problems

Resolving labor shortages

Realizing a carbon-free society

- Let's start with the Direction of Sharp's Future.
- Sharp has crafted a rock-solid identity, comprised of three major elements: immutable values of *Sincerity and Creativity*, carefully passed down since our founding; 108 years of history where we have created products that others want to imitate and realizing new ways to live; and unique strengths in our wide range of businesses, our unique technologies such as AIoT, 8K, 5G, and more, and our innovative devices.
- If we turn to the world stage, a variety of social issues have surfaced: the establishment of a new normal in the with-COVID and post-COVID eras; realization of diverse lifestyles; resolving medical and nursing care problems; resolving labor shortages; and realizing a carbon-free society.
- Under these circumstances, we will work to solve social issues by embodying our business vision of Changing the World with 8K+5G and AIoT, that is, by providing Sharp's own unique hardware and solutions.
- Here, we want to establish SHARP as a powerful corporate brand representing a company closest to people and society, constantly providing new value.



- Let's continue with our Future Initiative Policy.
- In the three years since fiscal 2017, we completed a round of management reforms in striving toward revamping our business.  
In fiscal 2020, we worked to achieve positive net free cash flows and steady improvement in management while seeking to respond to changes.
- From fiscal 2021 and beyond, we are using these achievements as a foundation to strive toward three areas in the interest of rapid establishment of SHARP as a powerful corporate brand: building a business promotion system centered on brand businesses; realization of our business vision; and returning to corporate bond markets.
- We will go into each of these areas in the following slides.

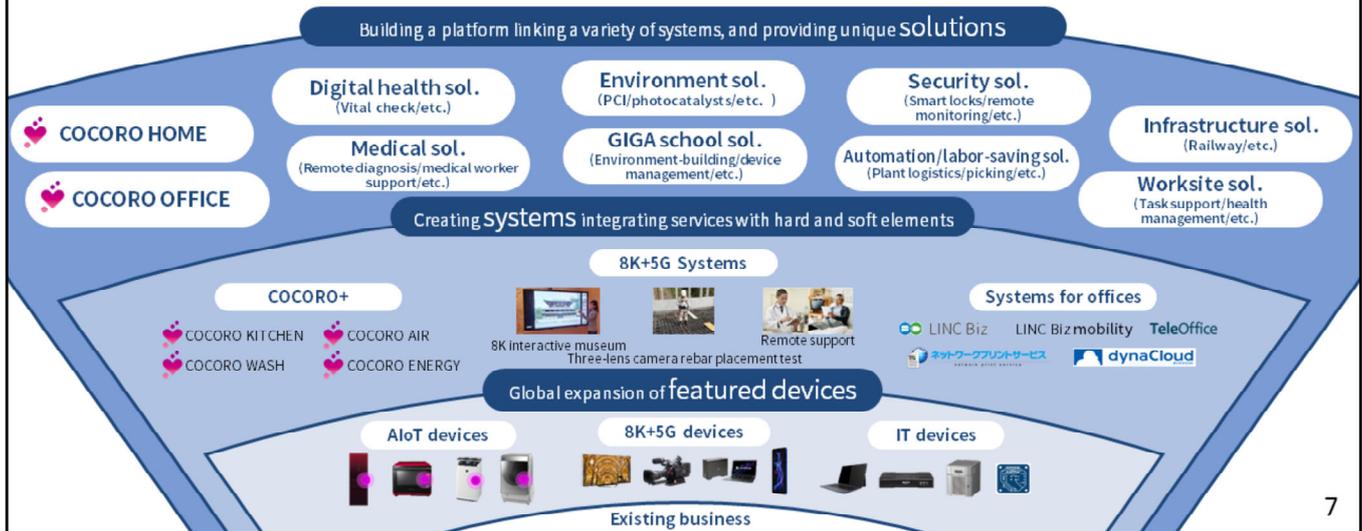
**Bringing the three core brand businesses** and supporting device businesses together into *One SHARP*, and promoting our businesses



- The first area is *Building a Business Promotion System Centered on Brand Businesses*
- We have three brand businesses: Smart Life, 8K Ecosystem, and ICT, as well as two device businesses: Display Device and Electronic Device.
- Our brand businesses leverage featured devices, services, and solutions as strengths for global business expansion, seeking to improve the Sharp brand even more.
- On the other hand, in the device businesses, we are working to leverage collaboration with other companies to create innovative devices supporting advantages in our brand businesses.

(B) Realization of our Business Vision — Changing the World with 8K+5G and AIoT

Innovate business with our featured devices powered by cutting-edge technologies such as 8K, 5G and AIoT to provide **solutions unique to Sharp**. By doing so, we will strengthen profitability and aim for an **operating profit margin of 7.0% or higher** (brand businesses)



- The second area is *Realization of our Business Vision*.
- As before, we are creating featured devices powered by cutting-edge technologies such as 8K, 5G and AIoT and expanding globally with our business vision of *Changing the World with 8K+5G and AIoT*.
- Here, we are working to create systems fusing this hardware with software and services, and furthermore building a platform unique to Sharp that links a variety of systems, providing unique solutions.
- In addition, we hope to strengthen profitability through these efforts and achieve an operating profit margin of 7% or more in the near future in the brand businesses.

**Stably generating free cash flows** by maximizing operating cash flows and increasing investment efficiency and **improving financial position.**  
**Pave the way for a future return to corporate bond markets**

Immediate Goals



- Thorough emphasis of quality above quantity (Targeting 7%+ operating profit margin for brand businesses)
- Reduction of working capital (E.g. maintaining appropriate inventory levels)

- Expanding investment in brand businesses
- Acquisition of external funds - Expand investments while reducing in-house investment in device businesses

- Dividend payout ratio of 30% (basic policy)
- Work to reduce interest-bearing debt while securing appropriate levels of cash on hand

**(1) Net D/E ratio under 1.0**  
(Net interest-bearing debt ÷ Equity)

**(2) Equity ratio of 25%+**

- The third area is our *Return to Corporate Bond Markets*.
- In order for us to continue to grow, it is essential to build a stronger financial base.
- Under this concept, we are currently working to maximize our operating cash flows through emphasis of quality above quantity and reduction of working capital. We are also accelerating efforts to improve investment efficiency, like expanding investment in our highly-profitable brand businesses and acquiring external funds in device businesses.
- Through these efforts, we will create stable free cash flow every year to provide appropriate shareholder returns and to take action to improve our financial position, like reducing interest-bearing debt.  
Our initial aim is to achieve a net debt-equity ratio under 1.0 and an equity ratio of 25% or more.
- We would also like to pave the way to our return to corporate bond markets in the future.

Through efforts in each of the ESG areas, we will contribute to the realization of a sustainable society and seek to build a **strong business infrastructure capable of supporting sustainable growth**

G

### Building Corporate Governance that Improves Corporate Value

- Rebuilding the Board of Directors structure to improve its function (e.g. diversification of experience, evolution/diversification of expertise)
- Strengthening group governance
- More appropriate information disclosure and continuing dialogue with stakeholders

E

### Executing the SHARP Eco Vision 2050

- Achieve net zero CO<sub>2</sub> emissions from our own business activities by 2050
- Generate clean energy in excess of the energy consumed throughout our supply chain
- Minimize the environmental impact of our business activities on the planet

S

### Contributing to Society through Business Activities

- Resolving social issues centered on eight business areas
- Promoting CSR throughout the supply chain
- Continuous and global social contribution

9

- Let's continue with our *ESG Initiative Policy*.
- In terms of governance, we will strive to strengthen group governance and improve functionality of the Board of Directors and continue to hold dialogues with stakeholders in the interest of building corporate governance that improves corporate value.
- In terms of the environment, we will work to reduce CO<sub>2</sub> emissions, generate more clean energy, and reduce our environmental burden in line with the *SHARP Eco Vision 2050* long-term environmental vision.
- In terms of society, we will contribute to society through business activities centered on eight priority business areas. We also intend to strongly work on CSR across the entire supply chain.

## 2. Initiatives in FY2021

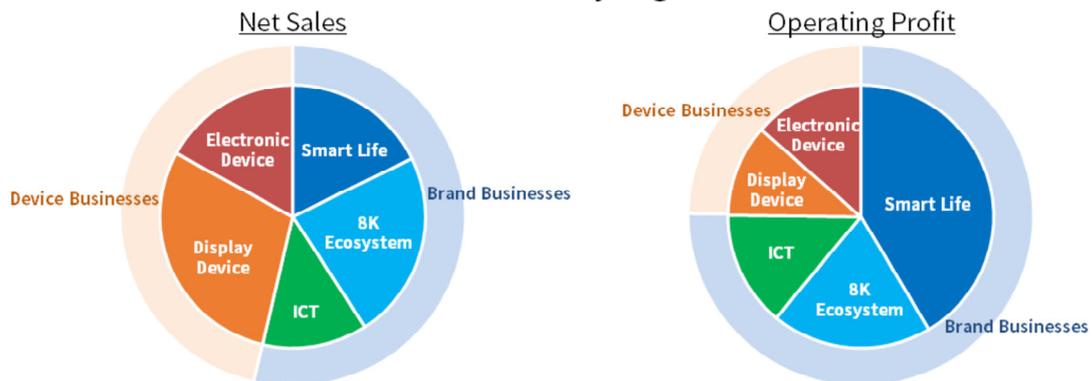
10

- Next, I will discuss our Initiatives in FY2021.

**Consolidated Financial Results Forecast for Fiscal 2021**

Net Sales	Operating Profit	Operating Profit Margin
2,550.0 billion yen (+ 5.1% YoY)	101.0 billion yen (+ 21.5% YoY)	4.0% (+ 0.6%pt YoY)

**Breakdown by Segment**



- We aim to achieve net sales of 2,550.0 billion yen, operating profit of 101.0 billion yen, and operating profit margin of 4.0% for fiscal 2021.
- In addition, from the first quarter of fiscal 2021, we plan to disclose results from the three brand businesses and the two device businesses presented earlier. As you can see, brand businesses are expected to account for the majority of sales and about three-quarters of operating profit.

2) Priorities for Brand Businesses

	Smart Life	8K Ecosystem	ICT
New	<ul style="list-style-type: none"> <li>● Further expansion of sales of AIoT devices and services in Japan and strengthening the category lineup in anticipation of expansion of overseas AIoT business (Taiwan, Europe, USA, ASEAN)</li> <li>● Global PCI business expansion and strengthening health care business</li> <li>● Expansion of overseas EPC/IPP business centered on emerging countries</li> </ul>	<ul style="list-style-type: none"> <li>● Acceleration of smart office businesses by expanding COCORO OFFICE services and by acquiring Western IT vendors</li> <li>● Using resource sharing with SNDS to expand commercial display business globally</li> <li>● Strengthening e-commerce business and accelerating solution proposal for COCORO members</li> </ul>	<ul style="list-style-type: none"> <li>● Expanding businesses leveraging the cloud: solutions supporting introduction of remote work, and solutions for education</li> <li>● Accelerating new businesses, e.g. digital health business</li> </ul>
Existing	<ul style="list-style-type: none"> <li>● Creating white goods with unique features and stylish design to earn higher profit margins</li> <li>● Using new storage battery models and solar panels to expand residential energy solutions business</li> </ul>	<ul style="list-style-type: none"> <li>● Using negotiations bundling with services for offices/solution products to incorporate recovery in MFP demand</li> <li>● Global expansion of television business</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening cost capabilities and mid-line capabilities capturing changes in domestic smartphone demand to increase market share</li> <li>● Global expansion of PC business</li> </ul>

- Next is the *Priorities for Brand Businesses*.
- In existing areas in Smart Life, we will work to further strengthen profitability of our white goods business by creating products with unique features and stylish design, and expand our residential energy solutions business.  
In new areas, we will work to strengthen our AIoT business in Japan and accelerate construction of foundations for our AIoT business overseas.  
We will also work to expand the PCI business and strengthen our health care business.
- In existing areas in 8K Ecosystem, we will work to incorporate recovery in MFP demand and accelerate global expansion of our television business.  
In new areas, we will accelerate the smart office business, primarily in Japan, Europe, and the U.S. , and partner with Sharp NEC Display Solutions, Ltd. to expand our commercial display business globally.
- In existing areas in ICT, we will work to increase market share through stronger cost capabilities and a more fleshed-out mid-range lineup in our smartphone business, and accelerate the global expansion of our PC business.  
In new areas, we will accelerate the expansion of solutions for remote work and education that leverage the cloud, as well as the creation of new business, including our digital health business.

The logo for SHARP, with the word "SHARP" in a bold, red, sans-serif font.

Be Original.

- By steadily executing the *Direction of Business Management and Initiatives in FY2021* that we have presented today, we will speed up the establishment of *SHARP* as a powerful corporate brand.
- We will also continue to achieve sustainable growth while responding appropriately to any and all changes in the business environment. We appreciate your continued support.
- Thank you for your attention.

Disclosure segments	Brand Businesses			Device Businesses	
	Smart Life	8K Ecosystem	ICT	Display Device	Electronic Device
Sharp Corporation	<ul style="list-style-type: none"> <li>● Smart Appliances &amp; Solutions Business</li> </ul>	<ul style="list-style-type: none"> <li>● Smart Business Solutions Business</li> <li>● Smart Display Systems Business</li> </ul>	<ul style="list-style-type: none"> <li>● Mobile Communication Business</li> </ul>		
Subsidiaries	<ul style="list-style-type: none"> <li>● Sharp Energy Solutions Corporation</li> </ul>	<ul style="list-style-type: none"> <li>● Sharp NEC Display Solutions, Ltd.</li> <li>● Sharp COCORO Life Inc.</li> </ul>	<ul style="list-style-type: none"> <li>● Dynabook Inc.</li> </ul>	<ul style="list-style-type: none"> <li>● Sharp Display Technology Corporation</li> </ul>	<ul style="list-style-type: none"> <li>● Sharp Sensing Technology Corporation</li> <li>● Sharp Fukuyama Laser Co., LTD.</li> <li>● Sharp Fukuyama Semiconductor Co., LTD.</li> </ul>